

# The Effect Of Service Quality, Customer Satisfaction, and The Moderating Role of Brand Switching Costs on Telkom's Indihome Consumer Loyalty

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## Article Info

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## ABSTRACT

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At present, the internet has been one of the necessities of the Indonesian citizen. The communities access the internet through subscription to internet service providers. One of the internet providers is Indihome Telkom, the fare of Indihome Telkom is providing the most expensive cost and the lowest internet speed among the other internet providers. This research is on to analyze the influence of service quality, consumer satisfaction, and the role of moderation of the switching cost on consumer loyalty. The sample used in this research is Indihome Telkom's Internet consumer. The data collection method in this research is a purposive sampling method with the respondents acquired are 300 people. The criteria of respondents determined in this research are subscribed consumers of Indihome Telkom Internet with a minimum subscription period of three months, located on Java Island and in the age of 18 years-old and above. The data were collected using questionnaires that distributed online. The analysis techniques used are simple and multiple linear regressions. The results of this study discovered that the satisfaction has a positive influence towards the consumer loyalty, service quality has a positive influence towards customer satisfaction, service quality has a positive influence towards consumer loyalty, switching cost is positively influencing the consumer loyalty and switching cost also conceive another role as the moderator of the correlation between consumer satisfaction and consumer loyalty.

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## 1. INTRODUCTION

In modern times, one of the human needs is the speed to find information. Information is one of the most important things for everyone. The internet is one way for a person to get information. When people use the internet, the information they want to find can be easily found. Another benefit apart from searching for information, the internet also makes it easier for people to connect with each other, for example, when something happens on the other side of the world, the information quickly reaches other people living in other parts of the earth.

Likewise in Indonesia, the internet is currently one of the main needs for its people. According to the Association of Indonesian Internet Service Providers, Indonesian internet users in 2016 amounted to 132.7 million people. This number is more than half of Indonesia's population in 2016. In 2016 Indonesia's population was 256.2 million people. It can be said that half of the Indonesian population already uses the internet and makes the internet their daily need in finding information.

Indihome is a service owned by PT Telekomunikasi Indonesia. Before changing to Indihome his name was Speedy. Speedy can only access the internet and landlines, while Indihome includes internet access, landlines and pay television. Indihome was officially launched by Telkom in 2015, The number of Indihome users In just 2 years it can reach 1.5 million users, this number includes new users and old users who upgrade from speedy. Most likely the cause of this is because internet service providers have some difficulties for consumers to move to other internet service providers. There is a difference between the characteristics of consumers who use the internet via mobile and the internet at home. mobile internet consumer, when moving to another company, it is enough to change the SIM card of their cellphone, and consumers can activate the card and then can immediately enjoy the services of that company. In contrast to home internet, when consumers will switch to other company services, it is not as easy as mobile

internet, because there are several things that consumers must consider when moving, such as installation fees, registration fees, tool fees, how to learn new tools and so on.

One of the costs that must be spent is for internet equipment. The device is not only a receiver but also a cable to connect the receiver to the central network.

## 2. LITERATURE REVIEW

### 2.1 *Consumer Loyalty*

Loyalty is defined as a commitment held by consumers to repurchase a product or subscribe to a product or service they like in the future [1]. [2] in [3] Loyalty is defined as a customer's willingness to continue purchasing at a company in the long term and use the product or service repeatedly, and recommend it to friends and other companies voluntarily.

### 2.2 *Consumer Satisfaction*

Defining customer satisfaction is an overall after-purchase evaluation that compares perceptions of product performance with pre-purchase expectations [4]. Customer satisfaction is the key in creating customer loyalty [4]. Many benefits are received by the company by achieving a high level of customer satisfaction, namely in addition to increasing customer loyalty, it can also prevent customer turnover, reduce customer sensitivity to prices, reduce marketing failure costs, reduce operating costs caused by the increasing number of customers, increase effectiveness. advertising, and enhance business reputation.

### 2.3 *Service Quality*

According to [5] Service quality encourages customers to commit to a company's products and services so that it has an impact on increasing the market share of a product. Service quality is crucial in retaining customers for a long time. Companies that have the best services that will be able to maximize the company's financial performance.

## 2.4 Brand Switching Fee

[4] brand switching costs as the difficulty of switching to another product or service provider that is felt by consumers who are dissatisfied with the current service, or the financial burden, social burden and psychological burden that customers feel when switching to another product or service provider.

## 3. METHODS

The model used in this study is the result of a modification of the research model conducted by [6]. The modification is done by adding a variable cost of brand switching as a moderator of the relationship between consumer satisfaction and consumer loyalty. The addition of these variables comes from research conducted by [7]

In this study, the researcher uses a quantitative approach where the researcher collects data based on variables derived from theory and previous research. The next stage is to determine the indicators to make a questionnaire. Then the data that has been obtained through a questionnaire, then the researcher interprets the results into numbers. Then process the results with appropriate analytical tools.

The data analysis technique was carried out by statistical tests using simple and multiple linear regression with the help of the Statistical Package for Social Science (SPSS) program. Multiple linear regression is a statistical tool that can be used to develop value estimation equations that can predict the value of the dependent variable from the value of the independent variables.

## 4. RESULTS AND DISCUSSION

Based on the results of the research and discussion that have been described in previous chapters, it can be concluded in general that the research conducted by Caruana in 2002 conducted in Malta is supported by this research conducted in Java, Indonesia. Then the research conducted by Matos et al in 2009 is also supported by this study if the cost of switching brands

moderates the relationship between consumer satisfaction and consumer loyalty.

The results of this study explain that consumer loyalty can be influenced by service quality. Consumers will remain loyal to the company when the quality provided by the company is maintained properly. In addition to service quality, customer satisfaction also affects consumer loyalty. Consumers will continue to use a service from the company, if consumers do not feel disappointed and have been satisfied by the company. Satisfied consumers will continue to use the services of the company. Even if customer satisfaction has exceeded what is expected, the consumer will provide recommendations to the people around him to use the services of the company.

The cost of brand switching has a direct effect on consumer loyalty. When the company can create high brand switching costs, consumers will remain loyal to the company even though consumers are not satisfied. However, if a product or service has high switching costs then consumers are forced to continue to use the company's services continuously. This is because consumers do not want to incur additional costs if they move to another company.

This study found that the cost of brand switching has an important role as a moderator between the relationship between satisfaction and consumer loyalty. The cost of brand switching is proven to strengthen the relationship between customer satisfaction and customer loyalty, meaning that consumers will remain loyal even though consumers are not satisfied with the company's services.

## 5. CONCLUSION

The results showed that customer satisfaction, service quality, and brand switching costs proved to have an effect on consumer loyalty. This means that customer satisfaction, service quality, and brand switching costs are important factors in increasing consumer loyalty. So that business people can make these three factors as one of

the considerations to increase consumer loyalty in using Indihome internet services.

Service quality is proven to increase customer satisfaction. This shows that service quality is an important thing that can increase consumer satisfaction for Indihome internet users. With good service quality, of course, the level of consumer satisfaction with the products or services used will also increase, this will certainly have an impact on the continued use of the next product or service.

Based on the results of the study, it is also known that the cost of brand switching can increase the relationship between customer satisfaction and consumer loyalty. This shows that the cost of switching brands also plays an important role in increasing the relationship between customer satisfaction

and customer loyalty. With the high cost of switching brands, of course, consumers will think again when they want to switch products, this can directly or indirectly increase consumer loyalty to related products. Therefore, for indihome internet service providers, the cost of brand switching can be considered as one of the factors to be considered in order to increase the relationship between consumer satisfaction and consumer loyalty.

Therefore, the magnitude of the influence given by the independent variable on the dependent variable is still small, so that further researchers should add other variables outside of this research model which may affect consumer loyalty.

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